



NOVA SCOTIA FEDERATION
OF MUNICIPALITIES



CBRM UPDATE: CAP & EXCISE TAX

February 19, 2019

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AGENDA

- **The Cap**
 - Why the cap needs to be reformed
 - CAP Review Steering Committee
 - What we are asking
- **Excise Tax**
 - What was promised
 - Provincial response
 - NSFM actions



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THE CAP

IT IS TIME FOR REFORM

BACKGROUND

- Created in 2005 (retroactive to 2001) to address concerns over sudden and dramatic increases in property assessments in some communities.
- Applied to assessment increases from 2001 to 2005 in excess of 15%, 15%, 10%, 10% respectively
- CAP of 15% (applied to assessment increases from 2002 to 2003)
- CAP of 10% (2004 to 2007)
- CAP reduced from 10% to CPI (2008)



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ISSUES

- Shifts tax burden from long term owners to recent homebuyers
- Distorts economic decision-making:
 - Homeowners may not move if their job location changes because taxes would rise in a similarly valued home
 - Created disincentive of skilled labour to move to the province (newcomer & youth tax)
- Discourages new construction

Enid Slack and Harry Kitchen, 2014



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FACT ABOUT THE CAP

For every dollar someone “saves” in your community...

... someone else in your community pays a dollar more than they should.



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CAP STEERING COMMITTEE

- Meeting while confirming structure, plan
- Approved in principle by NSFM Board January 2019
- Terms of Reference being developed
- Membership is NSFM CEO and President, AMANS, East Hants, CBRM, Wolfville
- Ensuring that elected officials are involved as much as possible in presentation delivery and messaging



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COMMITTEE PARTICIPANTS (DRAFT)

COMMITTEE MEMBERS

- Connie Nolan (Chair), East Hants
- Wayne Mason, President, NSFM
- Alain Muise, President AMANS
- Janice Wentzell, ED AMANS
- Juanita Spencer, CEO NSFM
- Kim Ramsay, East Hants
- Marie Walsh, CBRM
- John MacKinnon, CBRM
- Jane Fraser, HRM

ADVISORY GROUP

- Jody MacArthur, East Hants
- Shannon Peterson, PVSC
- Anne Totten, HRM
- Kenzie McNeil, HRM
- Bruce DeBaie, HRM
- Jillian Moore, CBRM



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MATERIALS PREPARED

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RECENT & UPCOMING ACTIVITY

- **November 2018** – resolution passed by NSFM members at AGM
- **January 17** – meeting to establish NSFM Committee, assign roles
- **January 22** – present to Lunenburg Town Council
- **February 8** – meeting regarding messaging, materials, schedule
- **February 21** – upcoming meeting to finalize messaging, schedule
- **Feb-June** – present to councils, media outreach, public education
- **June** – finalize legislative approach with Province
- **Fall** – bring legislation to the House of Assembly

REQUEST OF PROVINCE

- Slow Phase-Out over 7-10 years
- Spike protection for the long-term
- Assistance for low income homeowners
- Tax Rate would fall, equalizing the tax burden (all things being equal)
- Distortion would be removed from taxation system

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SUMMARY

- Committee has begun the process of public education
- Met with PVSC to determine how phase out would work over 7 years
- Developing appropriate tools to be available to offer assessment spike protection (MGA)
- Exploring “transparency provision” to ensure Municipal tax rates are in fact being reduced over the phase out period

MUNICIPAL ACTIONS

- Endorse (by motion) the work of NSFM and the committee
- Commit to sending out the uniform messaging that the CAP committee is developing



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CANNABIS EXCISE TAX

A PROMISE MADE

FEDERAL POSITION

- October 2017 Federal government increasing the provincial share of the cannabis excise tax to 75%, from 50%.
- The 25% was intended to pass through to municipalities
- Despite public statements, the Federal Provincial agreement is silent on a municipal share.



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PROVINCIAL POSITION

- Minister Furey has stated publicly that the province faces tremendous costs setting up cannabis sales (stores and logistics)
- Municipalities have been told they have to “wait”
- The province appears to be using excise tax to pay for NSLC leaseholds and other NSLC operating expenses.



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NSFM POSTION & ACTIONS

- NSFM members want 25% of excise tax, unencumbered, no delay
- NSLC expenses are the corporations expenses, not the taxpayers
- Message has been delivered:
 - at twice annual Round Table meetings with NSFM Executive and the provincial Ministers
 - in our letters and meetings about our resolutions
- Continue working with FCM
 - Also raised concerns in Ottawa with MPs, Senators and Justice Minister Bill Blair during FCM Advocacy Days in November 2018



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NEXT STEPS?

- Continue to raise the issue with province
- Suggest the Federal government secure a guarantee the money will pass through to municipalities – *or* – withhold the 25% and not pass it on to the Province.



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